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ABSTRACT

Nontraditional students are the fastest-growing segment of the postsecondary population. About 41% of students are over 25, and nearly 12% are over 40. Previously, the bulk of financial aid went to traditional-age, usually full-time, students in degree programs. Today, however, the sheer numbers of nontraditional students, including distance learners, are changing the financial aid picture. Criteria for most federal grant and student loan programs include financial need, high school diploma or the equivalent certificate, regular student working toward a degree or certificate in an eligible program, U.S. citizen or eligible non-citizen, and satisfactory academic progress. Bank lines of credit or home equity loans may be tax-deductible but risky alternatives. Employer assistance and tax credits are additional sources of assistance to nontraditional students. Many scholarship programs do not restrict by age; some are starting to create scholarships specifically for nontraditional students. Assistantships, internships, and work-study programs provide valuable work experiences while students earn some income. Other sources of assistance include state aid and veterans' educational benefit programs. Congress has recently lifted restrictions on financial aid for correspondence courses, and the U.S. Department of Education is sponsoring demonstration programs trying innovative ways of providing financial aid for distance education. (An annotated bibliography of 34 pertinent publications constitutes the bulk of this document.) (MN)

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ERIC DIGEST NO. 224

Financial Aid for Lifelong Learning

by Sandra Kerka
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"Nontraditional" students are the fastest growing segment of the postsecondary population: 40.9% of college students are over 25 (DiFiore 2001) and nearly 12% are over 40. Large numbers of adults are engaging in nondegree lifelong learning, including certificate programs, work-related training, and professional development. How do adults pay for further education? Are they eligible for financial aid? In the past, the bulk of financial aid went to traditional-age, usually full-time, students in degree programs. Today the sheer numbers of nontraditional students, including distance learners, are changing the financial aid picture (College Board 2000). This **Digest** identifies types of financial aid available to adults and lists resources you can use to help finance your lifelong learning endeavors.

Federal Grants and Loans

Criteria for most federal aid programs include financial need, high school diploma or a General Education Development Certificate, regular student working toward a degree or certificate in an eligible program, U.S. citizen or eligible noncitizen, and satisfactory academic progress (Sources: Indiana 1998; ***Road Map*** 1999; ***Student Guide 2000-2001***).

Pell Grants: for undergraduate students who have not earned a degree; can be for part-time study; awards range up to $3,000 per year depending on funding.

Federal Supplemental Educational Opportunity Grant: for undergraduates with exceptional financial need; up to $4,000 per year depending on the availability of funds at each school.

Federal Ford Direct Student Loan Program or *Stafford Federal Family Education Loan (FFEL) Program*: for regular undergraduate or graduate students enrolled in an eligible program at least half time; subsidized loan based on financial need or unsubsidized loan not awarded on the basis of need; not made to students enrolled in programs that are less than one-third of an academic year.

Direct Consolidation Loans from the U.S. Department of Education and *FFEL Consolidation Loans* from participating lenders such as banks, credit unions, and savings and loans: allow borrowers to combine several types of federal student loans with various repayment schedules into one loan.

Perkins Loans: low-interest loans for undergraduates (up to $4,000 per year) and graduate students (up to $6,000 per year) with exceptional financial need.

Other Loans

A bank line of credit or home equity loan may be a tax-deductible but risky alternative (Pittman 1997). Some banks and most credit unions will allow you to take out a loan against existing savings accounts, bonds, CDs, IRAs, money-market accounts, etc. (DiFiore 2001). Some lenders are offering loan programs for working adults for shorter (nondegree) programs; one example is The Education Resources Institute Continuing Education Loan <www.educaid.com/loans/loanchtc.htm>.

Employer Assistance and Tax Credits

Employers provide assistance to many working adults for further education and training. Check with your human resource department about tuition reimbursement and other assistance. Restrictions often include work-relatedness of courses, amount of reimbursement dependent on grade received, or graduate-level courses only. Many companies are providing scholarships, distance training, or partnerships with universities that subsidize tuition costs (***Back to School*** 1999). The Exclusion for Employee Education Benefits (Section 127, IRS Code) allows workers to exclude from taxable income up to $5,250 a year in undergraduate tuition assistance provided by their employers. It has been extended through 2001, and Congress is considering expanding it to graduate study. Section 132 allows exclusion for study at any level with no dollar limit, but it must be directly related to keeping the current job. See *Tax Benefits for Work-Related Education*, <www.irs.ustreas.gov/prod/forms_pubs/pubs/p508toc.htm>. Other federal tax incentives <www.ed.gov/inits/HOPE>:

Lifetime Learning Tax Credit provides a 20% tax credit for the first $5,000 of tuition and fees paid each year through 2002 and for the first $10,000 thereafter.

Hope Scholarship Tax Credit provides a 100% tax credit for the first $1,000 of tuition and fees and a 50% credit on the second $1,000 for students in their first 2 years of postsecondary education in at least a half-time degree or certificate program.

Penalty-free IRA Withdrawals are limited to net postsecondary expenses for tuition, fees, books, equipment, and room and board.

Deduction for Student Loan Interest paid in the first 60 months on any loan used for college expenses.

Scholarships, Assistantships, Internships, Work-Study

Many scholarship programs do not restrict by age; some programs are starting to create scholarships specifically for nontraditional students. Information sources include the institution, libraries, employers, community organizations, and professional associations. DiFiore (2001) recommends using only *free* scholarship search services on the Web. The Federal Work-Study Program provides jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. Assistantships, internships, and cooperative education provide valuable work experiences while you earn some income.

Other Sources

State Aid. Some states offer special programs specifically for adults. To locate your state's higher education agency and link to their website, visit <www.ed.gov/Programs/bastmp/SHEA.htm>.

If you belong to a union, *Help with College Costs* <www.aflcio.org/scholarships/index.htm> allows visitors to search for scholarships sponsored by national and international unions.

Veterans' Educational Benefit Programs. Veterans of the Armed Forces, members of the Selective Reserve, and National Guard members may have financial assistance available to them to help meet educational and living expenses. See <icpac.indiana.edu/infoseries/is-55.html> and <students.gov> *Military funding* link.

Distance Learning

Congress lifted restrictions on financial aid for correspondence courses, and the U.S. Department of Education is sponsoring demonstration programs trying innovative ways of providing distance learning and financial aid, but some regulations of the Higher Education Act still hinder aid for distance education (***Report to Congress on the Distance Education Demonstration Programs*** 2001 <www.ed.gov/offices/OPE/PPI/DistEd.html>). In the meantime, investigate the financial aid office at the school you want to attend, your employer, and federal programs. Although most federal grant and loan programs are directed to the resident student, under certain conditions, Pell Grants may be available to a person studying at a distance (***Distance Education: Paying the Bills*** 2001).

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Tips

- Create a financial plan that accounts for tuition, books, child care, transportation, housing, and other expenses. Pay off consumer debt.
- Apply early and pay attention to deadlines. The application process is separate from college admission.
- Fill out the *Free Application for Federal Student Aid* <www.fafsa.ed.gov/index.htm>. Completed 1040 forms make it easier, but estimates are allowed.
- Don't assume you make too much money to receive financial aid.
- Don't deplete emergency or retirement savings.
- Ask your institution about tuition payment plans.
- Reduce costs by gaining credit for prior learning through exams or portfolios, or by transferring credits.

(DiFiore 2001; Indiana 1998; Pittman 1997)

Guides for Adults

An Adult's Guide to Continuing Education: Finding the Money. KCBS Channel 2000, 2001. <www.Channel2000.com/education/conted/pay.htm> How do I apply for financial aid? How do I calculate my need? Am I getting a good deal? Where do I look for scholarships?

Back 2 College Financial Aid. WD Communications, 2001. <www.back2college.com/library/finad.htm> Tools, tips, worksheets; scholarship and funding resources; graduate and professional education; women, minorities, veterans, health professions, disabilities, distance learning, loan resources, tax credits, international students

Back to School: A Guide for Adults Returning to College. College Planning Network, 1999. <www.collegeplan.org/bcksch/bkschool.htm>

Chronicle Financial Aid Guide 2000-2001: Scholarships and Loans for High School Students, College Undergraduates, Graduates, and Adult Learners. Moravia, NY: Chronicle Guidance Publications, 2000.

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eStudentLoan: Adult Students. Student Advantage Network, 2000. <www.estudentloan.com/adult.asp>

Financial Aid Advisor. America's Learning Exchange. <www.alx.org/finadvintro.asp> Online financial aid eligibility questionnaire.

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Indiana Career and Postsecondary Advancement Center. ***Returning Adult Students.*** 2001. <icpac.indiana.edu/finaid4.html> Includes *College Credit for Past Education and Life Experience; The ICPAC Financial Aid Guide for Adult Students; Finding Money for Your Education; Veteran's Educational Benefit Programs; Financial Aid Page for Returning Students; Scholarship Search Engines; Resources to Help You Estimate College Costs*

Peterson's Scholarships and Loans for Adult Students: The Only Guide to College Financing for Students 25 and Over. Lawrenceville, NJ: Peterson's Thomson Learning, 2000.

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Plumb, S. R. ***Financial Aid and Scholarship Information for Adult Students.*** 2001. <financialaid.about.com/education/financialaid/cs/adults/index.htm>

Road Map for the Nontraditional Student. Student Loan Funding Resources, Inc., 1999. <www.studentloanfunding.com/>

Siebert, A.; Gilpin, B.; and Karr, M. ***Adult Student's Guide to Survival and Success. 4th ed.*** Portland, OR: Practical Psychology Press, 2000. Supplement/update at <www.adultstudent.com/> includes Financial Aid Resources.

Federal Resources

ETA Adult Training Programs. Employment and Training Administration, U.S. Department of Labor. <www.doleta.gov/programs/adtrain.asp>

Federal Student Aid Information Center: 800/4-FED-AID (800/433-3243)

Free Application for Federal Student Aid (FAFSA). <www.fafsa.ed.gov/index.htm>

The Student Guide 2001-2002. Financial Aid from the U.S. Department of Education. <www.ed.gov/prog_info/SFA/StudentGuide/2001-2/index.html>

Student Gateway to the U.S. Government <students.gov>. Information about federal student aid programs; tax credits; scholarships, grants, and loans; state financial aid; work-study; military funding; budgeting; calculating costs

Distance Learning

Distance Education: Paying the Bills. NewsNet 5, 2001. <www.newsnet5.com/education/distance_ed/pay.html>

Hirst, K. ***Guide to Financial Aid for Distance Learning.*** 2001. <distancelearn.miningco.com/education/distancelearn/msubfinancialaid.htm>

Phillips, V., and Yager, C. ***The Best Distance Learning Graduate Schools: Earning Your Degree without Leaving Home.*** New York: Princeton Review Publishing, 1998.

Graduate Study

Bodine, J. "Aid Strategies for Grad Students: College Generosity on the Rise." ***U.S. News Online,*** n.d. <www.usnews.com/usnews/edu/dollars/dsgradaid.htm>

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Indiana Career and Postsecondary Advancement Center. ***Financial Aid for Graduate Students.*** Bloomington: ICPAC, 1998. <icpac.indiana.edu/infoseries/is-97.html>

Pittman, V. ***Surviving Graduate School Part Time.*** Thousand Oaks, CA: Sage, 1997.

Special Populations

Creating Options: A Resource Guide on Financial Aid for Students with Disabilities. Washington, DC: HEATH Resource Center, American Council on Education, 2001. <www.acenet.edu/bookstore/pdf/heath-fin-aid2001.pdf>

DisAbility Online. Employment and Training Administration, U.S. Department of Labor. <www.wdsc.org/disability/>

Ehrhart, J. K., and Lepof, A. ***Financial Aid: A Resource for Women, 6th ed.*** Washington, DC: Association of American Colleges and Universities, 1998. (ED 430 441)

Grants for Individuals: Disabled, Gay/Lesbian/Bi/Trans, Minorities, Nontraditional, Veterans, Women. Michigan State University Libraries, 2001. <www.lib.msu.edu/harris23/grants/3subject.htm>

Reference Service Press guides: *Financial Aid for African Americans; Asian Americans; Hispanic Americans; Native Americans; the Disabled and Their Families; Veterans, Military Personnel, and Their Dependents; Persons with Visual Impairments.* <www.rspfunding.com/products/rspbooks/booklist.html>

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